W-2 CONTRACT AND IMPLEMENTATION COMMITTEE
Background Paper
Committee Meeting Date: July 16, 1999

SUBJECT: **Contingency Fund Access**
PRESENTER: **Alice Wilkins**
Division of Economic Support
Bureau of Welfare Initiatives

W-2 Request for Proposal - Section 3.11
The Department also maintains a contingency fund intended to address significant economic downturns on either a statewide or local basis. The Contract and Implementation committee has a role in developing recommendations for criteria for accessing the contingency fund by July 30, 1999. The Department will consider the recommendations of the committee and issue the criteria. The Department determines if releasing the contingency fund is necessary based on the criteria.

Workgroup Members:
Mary Ann Cook, Dane County Department of Human Services, Mona Garland, MAXIMUS, Inc., Ed Kamin, Kenosha County Department of Human Services, Tina Koehn, UMOS. Rosa Dominguez, OIC-GM. Deb Hughes, Grant County Department of Social Services, Cori McFarlane, DWD/DES/BEPO, Jim Bates, DWD/ASD, Ginevra Ewers, DWD/DES/BMO, Gordon Bond, DWD/DES/BMO, Kelly Grant, Central Wisconsin Community Action Council, Judy Steinbicer, Rock County Department of Social Services.

Actions to Date:
- Workgroup convened on June 11 and developed initial recommendations, which were presented to the Contract and Implementation Committee on June 18.
- The Committee received and accepted the recommendations with minor revisions.
- Workgroup reconvened on July 12 to finalize the recommendations. They were informed of two major factors which were rule clarifications made at a federal briefing in Chicago on June 28, 1999: (a) The final TANF regulations stipulate, effective October 1, 1999, any unobligated TANF funds from previous federal fiscal years 1997,1998 and 1999 can only be used for activities identified as *assistance,* and, (b) biennial budget actions may place control of the contingency fund with the legislative joint committee on finance. Whether the administration of the appropriated funds for CF rests with the department or the legislative joint committee on finance, the following procedures are recommended:

A. Requests to access the contingency fund will fall under three (3) broad categories
   (1) Unanticipated caseload increases
   Examples:
- Outreach efforts (MA, BadgerCare, etc.) dramatically increasing the W-2 caseload
- Large influx of cases that initially left W-2 but are now returning
- Changes in legislation or policy not currently reflected in allocation (e.g., prorated CSJ's, expanded education options, mandatory benefit issuance after 30 days, end of 60-day residency requirement).
   (2) Agency's allocation is exhausted
   (3) Measurably significant events occur which are beyond the control of the local agency.
   Examples:
- New populations coming into area (immigrants/refugees)
- Plant closings and/or reductions in workforce

- Overall rise in unemployment
- Change in hiring patterns of local employer(s)
- Large volume of 24-month extension requests
- Increased child welfare activity that impacts W-2 costs
- Litigation that impacts on W-2 (e.g., large number of retroactive payments ordered)
- Identified employer needs not met by W-2 participant skill levels and behavior patterns

B. Factors that may trigger a CF request:

- Presumed benefit amount is exceeded.
- Caseload projections (based on Joint Finance final actions) are exceeded. Would only happen after fiscal reconciliation has taken place.
- Factors identified in federal criteria for CF access (change in unemployment, increase in food stamp utilization).
- "Risk protection factors" in RFP performance standards.
- Other events which may cause financial harm to the local agency, such as:
- Outreach efforts (MA, BadgerCare, etc.) dramatically increasing W-2 caseload
- Large influx of cases that initially left W-2 but are now returning.
- Changes in legislation or policy not currently reflected in allocation (e.g., prorated CSJs, expanded education options, mandatory benefit issuance after 30 days, end of 60-day residency requirement).

C. Request Timeline:

- CF may be requested at any time during contract.
- CF request will be sent to the Area Administrator.
- Area Administrator takes action within 30 days of receipt (either requests additional information from agency or forwards to Central Office with a recommendation).